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In the Matter of

Policies and Rules Concerning
Toll Fraud

CC Docket No. 93-292

Comments of Northern Telecom Inc.
on the Notice of Proposed Rulemaking

Northern Telecom Inc. ("Northern Telecom") hereby responds to the Commission's Notice of Proposed Rulemaking on the issue of policies and rules concerning toll fraud.^{1/} A significant issue raised by the Commission in the Notice relates to toll fraud in the form of unauthorized calls made through PBX fraud. Northern Telecom shares these concerns, and we describe in detail below the means by which Northern Telecom is addressing these potential problems.

Northern Telecom is a leading American manufacturer and supplier of telecommunications and integrated office systems, including PBXs, to the telecommunications industry, businesses, institutions and government. The company's products are sold throughout the United States by a network of distributors and

^{1/} Policies and Rules Concerning Toll Fraud, CC Docket No. 93-292, FCC 93-496, released December 2, 1993 ("Notice").

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joint ventures which represent Northern Telecom products to the marketplace.

Northern Telecom believes that by increasing user awareness of the fraud problem, implementing software controls available on Northern Telecom Meridian PBX systems, implementing an effective employee communications program to prevent network access codes and facilities from being compromised, and by aggressively prosecuting offenders, most toll fraud can be eliminated.

Northern Telecom's customer premise products are sophisticated, feature rich and meet a wide variety of customer requirements. Our customers demand these features to ensure their telecommunications systems position their businesses effectively and efficiently with their customers, and optimize the efficiency and convenience of their employees.

Product security features are an important component of a successful program for elimination of CPE toll fraud, and Northern Telecom has designed into its products such features. There are additional means of combatting toll fraud, however, that go beyond the design of the equipment. The remaining components include the customer/telecom manager's activation of security features, ongoing audit and system monitoring, an employee awareness program, and the prosecution of criminals. Northern Telecom takes the following additional steps to help our customers and distributors prevent toll fraud through these other actions.

1. Education and Training

Education

Northern Telecom provides seminars or presentations regarding toll fraud to any requesting organization. We deal mostly through our distributors, customers, and end-user support groups. For example, Northern Telecom has given presentations to public telephone associations such as the Communications Fraud Control Association, Aviation Coordinating Committee for Telecommunications Services, Southwest Communications Association, and a recent 21 city seminar series. Northern Telecom has given over 75 presentations in 1993 alone, with an estimated attendance of over 6000.

Training

Northern Telecom offers a two-day, hands-on course at our product training center to instruct customers and distributors in how to help prevent toll fraud on the Meridian 1 and Meridian Mail products.

2. Explicit Warnings

Northern Telecom currently encloses the "Controlling Access Privileges Workbook" with every new system and hardware upgrade. The workbook explains system features, defaults and information on toll fraud potential. We advise every customer and distributor to change the system default passwords during system installation and again after system cutover. The workbook explains the permission level of the default values and the

recommended changes. Beginning January 17, 1994, the "Northern Telecom Practices System Security Management" section (described in Section 3 below) will replace the Controlling Access Privileges Workbook.

3. Documentation

Northern Telecom has completed a technical section to our Northern Telecom system documentation called System Security Management. This section details the security features to build into a system during installation, what to review in an existing system, and how to protect and audit our voice mail product. The document compiles all existing information into one reference area to make it easier for a customer to undertake PBX fraud control measures.

Northern Telecom has also produced a Toll Fraud Prevention brochure that recommends security features to implement on any PBX system. It provides an overview of the problem of toll fraud and ways to avoid being a victim. The brochure is provided during seminars and presentations. In order to provide wide distribution, the brochure is available to anyone through Northern Telecom and its authorized distributors by dialing 1-800-NORTHERN.

In addition, we have developed internal bulletins available to our distributors and end users detailing how to audit an existing system, what database information to print, what prompts and responses to review on the printouts, and what they mean on the PBX system and the voice mail.

On a quarterly basis, Northern Telecom publishes a newsletter to advise customers and end users of current scams and new information on how to protect their PBX. We include information, such as prefixes for fraud prone countries and how to block dialing these high risk numbers, new prefixes that are treated like 976 numbers in specific area codes, and the content of new software releases and how to obtain them.

In order to combat toll fraud, Northern Telecom also has a toll free information line (800-441-8737) which provides information on ordering collaterals, a mailbox for questions and information requests, and information on current issues and seminars. Indeed, we have a full time staff dedicated to Toll Fraud Prevention.

4. Product

Northern Telecom has continued to enhance the security capabilities of our products since they were described to the Commission at the October 1992 en banc hearing. For example, we have changed the system default passwords to be derivatives of the system serial number. We have changed the default values on several of our system features that formerly depended on programming changes to restrict them. Our products now have the ability for users to require both a password and a user name to log onto the system. We track the activity on each maintenance terminal. We control the authorization codes that can be used from a given telephone set, and on the Call Detail Recording we can suppress the calling card number used to make long distance

calls. We no longer ship Direct Inward System Access as a standard feature on systems; it is still available at no charge to our customers, but it must be specifically requested.

On the Meridian Voice Mail product, we ship every system with default values in place that prohibit access of long distance trunking facilities on the PBX. The user must change the programming to allow this feature, as it is shipped restricted. We force the user to change the default password immediately upon accessing the system for the first time. We limit the number of invalid attempts to access a mailbox or mailboxes and disconnect the user and lock the mailbox after the threshold value is reached.

5. Other Actions

As a conscientious manufacturer responsive to customer needs and desires, we have proactively enhanced our software to increase the prevention of toll fraud. Through all of our actions, we believe we have a product that when utilized properly can help prevent the major portion of toll fraud and internal abuse. Although no manufacturer can develop and provide networking products that are totally invulnerable to unauthorized access, use or damage, Northern Telecom's products have numerous features designed to limit system compromise. Given the steps we have taken, we do not believe any government intervention, including the imposition of liability, is necessary to "create added incentives" for PBX manufacturers. Northern Telecom believes that it has already adequately addressed the issue of

toll fraud based on our products' features and resulting minimized vulnerability.

There may be some steps the government can take, however, to assist in reducing toll fraud. Northern Telecom supports stronger penalties for toll fraud. Our concern is that the current laws are not sufficiently clear or severe so as to punish the real perpetrators. It is the victims that suffer the most at present. In addition, law enforcement agencies are not well versed in the areas of telephone and electronic fraud. Due to lack of familiarity, they are unable to understand the full impact of the situation. In this regard, Northern Telecom offers our services to local, state, and federal agencies in the areas of investigation, educational programs, and regulatory proceedings. We currently have a staff in place to assist with any questions or concerns that law enforcement personnel may have. We also work closely with our own corporate security on any referrals from law enforcement.

Northern Telecom agrees with the Commission's recommendation for explicit warnings on system equipment as a means of enhancing awareness. We would recommend that this information be included on each new shipment and system upgrade. We believe that labelling the switching equipment itself is vital, however, we believe labelling of the telephone sets is unnecessary. It would be sufficient to include documentation in the user guide for each telephone. Northern Telecom recommends that this be done on a going-forward basis; in many instances, older equipment has been removed, upgraded, or has been resold

and is no longer installed in its original location, so that it would be overly burdensome to attempt to require such notification to embedded equipment customers.

As detailed above, Northern Telecom currently supplies our customers and distributors with documentation detailing toll fraud prevention protection. We do not currently discuss the customer's liability in our documentation, but we are willing to modify our documentation to include such a caveat if the Commission believes it appropriate, although the carriers should also assume responsibility for raising the awareness of their customers to these potential problems.

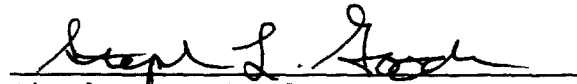
Northern Telecom is concerned with one of the proposals in the Notice regarding a suggestion that registrations for "risk-prone equipment should be revoked." With respect to the criterion for determining what would be considered "risk-prone equipment," the Commission would need to establish clear guidelines and standards for product evaluation. These areas call for a high level of expertise and fair, non-partisan review; it is not clear that such guidelines could be developed to ensure that such a dramatic action was justified.

CONCLUSION

Northern Telecom continues to believe that an important weapon to fight toll fraud is increased user awareness through education. We accomplish this with our documentation, seminars, and training. In addition, Northern Telecom will continue to

work with the Commission and others to strengthen toll fraud regulations and increase prosecution of the criminals committing this crime. Equally important, we also seek to limit our customers' liability through proactive enhancement of our products and their features. We will continue to provide the highest level of service possible, and the best products our technology can provide, including features to limit toll fraud potential in all our products. In addition to our own efforts, we also cooperate with other industry representatives to jointly educate and heighten awareness. Northern Telecom believes that all of these actions will further reduce toll fraud, and thereby enhance the public interest.

Respectfully Submitted,



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